



August 3, 2022

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551.

James P. Sheesley, Assistant Executive Secretary
Attention: Comments RIN 3064-AF81
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429.

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street, SW, suite 3E-218
Washington, DC 2021

Via Federal eRulemaking Portal – Regulations.gov

Re: RIN 1557-AF15; RIN 3064-AF81; RIN 7100-AF[•]

Ladies and Gentlemen,

On May 5, 2022, the Office of the Comptroller of the Currency ("OCC"), the Board of Governors of the Federal Reserve System ("The Board"), and the Federal Deposit Insurance Corporation ("FDIC") (collectively, "the agencies") promulgated a Notice of Proposed Rulemaking, proposing major revisions to the implementing regulations of the Community Reinvestment Act.

Over the last 6 years, I have been overseeing some or all of the Operations Department of the First National Bank of Central Texas, a Community Bank serving primarily McLennan and Hill Counties in Central Texas. We have seen our bank grow since the beginning of the pandemic from slightly less than \$1 billion to an asset size of \$1.3 billion. In my position with the bank, I have overseen the department charged with maintaining and collecting CRA data to comply with regulations and OCC expectations regarding CRA Compliance.

Asset Thresholds and Bank Opt-In

We appreciate the increases in the asset thresholds for small banks. However, the current thresholds are based on outdated size and that are more reflective of Bank sizes from decades ago. Many Small to Intermediate banks have seen significant asset size growth not from actual account growth, but from swelling liquidity due to recent economic conditions and the government's response to them. We would recommend that "small" banks be defined at less than \$1 billion and "intermediate" at less than \$10 billion.

As an intermediate bank, we would urge that the option to remain with the current Community Development Test or to comply with the new Retail Lending Test be included in the final proposal.

CRA-Qualifying Activities

The OCC final rule, which was withdrawn in December 2021, included qualifying activities confirmation and an illustrative list that described examples of qualifying activities that were publicly available on the OCC's website. That reform also provided a process for interested parties to request confirmation of qualifying activities which could be added to the list. This was a very promising and welcome development on the part of our, and to my knowledge, many other community banks. Having a listing, understanding that it would by no means be exhaustive, of activities that qualify for inclusion in the CRA assessment would be of benefit to not only banks as they try to define their CRA programs, but to their communities, as it could eliminate the concern that a bank may have over whether community investments qualified or not. We feel that this should be an important part of the final proposal.

Small business loans

The increase from \$1 million to \$5 million as proposed under the section 1071 proposed rule would mean that virtually every loan made by a Texas community bank (including us) would be a "small business loan" or "small farm loan" subject to reporting requirements. This will impose significant new data collection and reporting requirements. We believe the revenue threshold should remain at \$1 million. We contend that the same size standards should be used under both section 1071 and CRA; otherwise, we will have complicated and inconsistent data analyses to perform. It is our belief that we should be able to choose whether a "Small Business" or "Small Farm Loan" be considered under the Retail Lending Test, or if it has the primary purpose of community development, under the applicable community development evaluation, regardless of the reporting status of these loans. In any event, we believe that the agencies should provide consideration for "Small Business", "Small Farm" and home mortgage loans under the Community Development Financing Test.

Credit for Activities Outside CRA Assessment Areas

We contend that volunteer activities unrelated to the provision of financial services be considered in all LMI areas. Our bank allows employees to volunteer for specified services and charitable organizations that provide support to low to moderate income individuals on a monthly basis. These activities are not specifically financial service related, but the bank allows paid time away from the bank for those employees who wish to do so. Also, Texas is extremely diverse and it can be difficult to find qualifying investments and other activities that are explicitly in our assessment areas. Therefore, flexibility is extremely important.

Transition

The proposal could impose an applicability date of 12 months after publication. Meanwhile, a final rule under section 1071 is pending and would also affect data collection. Given the additional burden this will place on banks, we feel a more appropriate effective date would be 24 months after publication in the Federal Register for all provisions.

We understand that in the case of CRA, both our bank and the communities we serve will benefit from a modernized regulatory framework that recognizes the changes in the financial and banking environment that have occurred since 1977. We urge the agencies to take this opportunity to make changes that benefit all stakeholders and will actually result in making more credit available, not simply be seen as a regulatory burden.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'S. Gohring', is written over the printed name.

Steve Gohring

Executive Vice President / COO